

Asset Class Glossary: Equities
Policy: International Enhanced Index Strategy - Externally Managed
September 16, 2005

Custodian

A bank or other financial institution that provides custody of stock certificates and other assets of an institutional investor.

Equity Based Strategy

Combination of active stock selection with risk mechanism designed to minimize tracking error relative to the benchmark. Seek to add value through minor variances relative to the market in sector/industry weightings, style (growth/value) tilts or stock weightings. Key inputs into the process come from either analysts' fundamental research or quantitative models.

External Manager

An outside money management firm retained under contract by CalPERS.